

## Lesson 3.1 Scarcity and Private Enterprise

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T   1. The marketing process is more scientific than creative.
- F   2. There are enough resources available in the world to meet everyone's wants and needs.
- F   3. In a free enterprise economy, resources are free and, so, can be obtained by anyone.
- F   4. The United States economy can best be described as a mixed economy.
- T   5. Consumers try to select products that they believe are able to provide the greatest satisfaction for the price.
- F   6. The quantity of a product that producers are willing and able to provide at a specific price is known as demand.
- T   7. In a private enterprise economy, the government uses laws and regulations to protect society from harmful decisions made by producers and consumers.

**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- A   8. The basic economic problem is
  - A. scarcity
  - B. monopolies
  - C. consumers
  - D. capitalism
- D   9. Which needs are satisfied and how resources are distributed in a country depend on
  - A. raw materials
  - B. consumer education
  - C. product prices
  - D. the country's economic system
- C   10. A decision to use resources in a way that results in the greatest profit for the producer is known as
  - A. free enterprise
  - B. scarcity
  - C. the profit motive
  - D. value
- C   11. In a private enterprise economy, the success or failure of a business is determined primarily by
  - A. the level of consumer demand
  - B. the laws and regulations of state and Federal governments
  - C. the decisions made by each business
  - D. the actions of competitors

Activity 1 • Find the Resources

**Directions:** In the first column, identify a location (country or region) where a manufacturing business can obtain the following raw or manufactured materials. In the second column, identify a product that you or your family might purchase that includes the resource in its production.

Source	Used In
Wood: <u>Answers will vary, but should include</u> <u>a specific location.</u>	<u>Answers will vary, but should include a specific</u> <u>product.</u>
Aluminum: _____ _____	_____ _____
Steel: _____ _____	_____ _____
Granite: _____ _____	_____ _____
Corn: _____ _____	_____ _____
Sugar: _____ _____	_____ _____
Water: _____ _____	_____ _____
Glass: _____ _____	_____ _____
Silk: _____ _____	_____ _____
Coal: _____ _____	_____ _____
Oil: _____ _____	_____ _____

## Lesson 3.2 Observing the Law of Supply and Demand

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T   1. Understanding economics helps consumers and producers use their resources effectively.
- F   2. Macroeconomics studies how individuals make decisions about what to produce and what to consume.
- F   3. Consumers will pay more for a product if the supply of that product increases.
- T   4. A supply curve demonstrates the relationship between price and the quantity of a product supplied by businesses.
- F   5. As competition increases, businesses find greater opportunities for success.
- T   6. As the price of a product increases, businesses will produce more of that product if possible.
- F   7. A supply curve and a demand curve should never intersect.

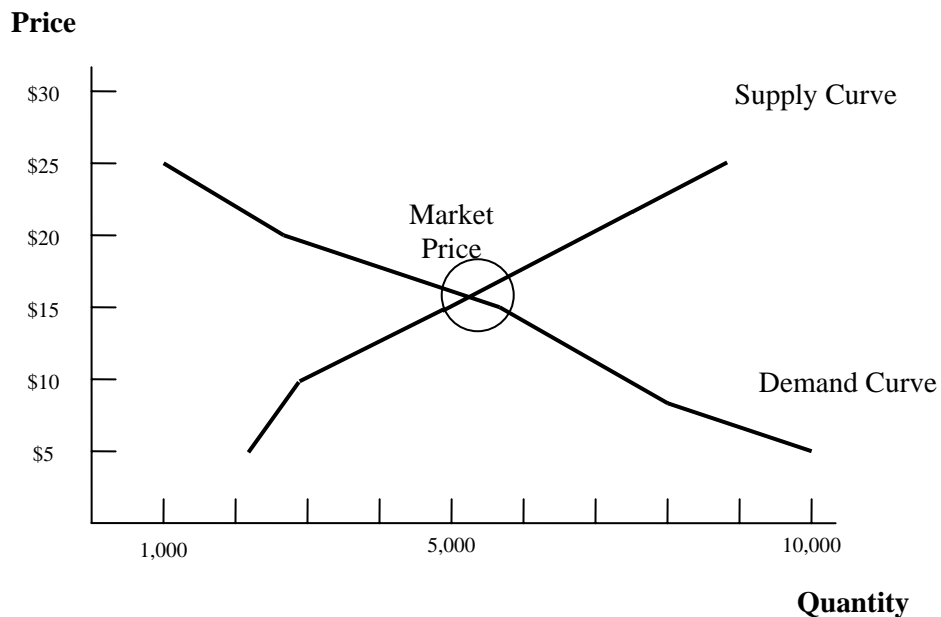
**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- B   8. The point where supply and demand for a product are equal is known as
  - A. the demand curve
  - B. the market price
  - C. the supply curve
  - D. The points are never equal
- A   9. Marketers are most interested in
  - A. microeconomics
  - B. macroeconomics
  - C. price increases
  - D. government regulation
- D   10. If there are no alternative products to satisfy consumers' needs,
  - A. the supply will be large
  - B. the price will be low
  - C. supply and demand are unaffected
  - D. consumers will pay more
- B   11. All of the consumers who will purchase a particular product or service comprise a(n)
  - A. supply
  - B. economic market
  - C. economy
  - D. market group

## Activity 1 • Supply and Demand

**Directions:** Using the information from the following chart, construct a supply curve and a demand curve on the graph. Circle the point on the graph that identifies the market price. Estimate the market price and quantity.

PRICE	QUANTITY DEMANDED	QUANTITY SUPPLIED
\$ 5.00	10,000	2,000
10.00	8,500	3,000
15.00	6,000	5,000
20.00	3,000	7,500
25.00	1,000	9,000



Estimate of market price \$ 16.00

Estimate of market quantity 5,500

## Lesson 3.3 Types of Economic Competition

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T   1. In pure competition there are a large number of suppliers offering very similar products.
- F   2. A business in monopolistic competition has no control over price if it wants to sell its products.
- T   3. In a monopoly, customers will pay a higher price because there are no alternative products to those of the supplier
- F   4. A cable television company usually operates in a pure competition environment.
- T   5. The airline industry is an example of an oligopoly.
- F   6. By far, the most common type of economic competition facing most businesses is pure competition.
- T   7. Economic resources are classified as natural resources, capital, equipment, and labor.
- T   8. Each product in a specific market has its own supply and demand curves.

**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- C   9. A business without competitors operates in a(n)
  - A. pure competition market environment
  - B. oligopoly market environment
  - C. monopoly market environment
  - D. monopolistic competition market environment
- D   10. Most retail businesses operate in a(n)
  - A. pure competition market environment
  - B. oligopoly market environment
  - C. monopoly market environment
  - D. monopolistic competition market environment
- B   11. As a consumer, you will usually choose the
  - A. least expensive option
  - B. option providing the most satisfaction at the best value
  - C. option that provides the highest quality
  - D. most readily available option
- D   12. In a market where demand exceeds supply
  - A. consumers can expect to pay higher prices
  - B. businesses will want to increase supply
  - C. some consumers will not be able to satisfy their needs
  - D. all are correct

# Activity 1 • Economic Competition

**Directions:** Companies will market products or services in quite different ways depending on the type of economic competition they face. A business in a monopoly will have a different marketing mix than one in pure competition. Select one of the following businesses and use it for the entire activity: car rental business, airline, restaurant, construction company, gas station, supermarket, bank, or recording studio. Using the chart, describe how each part of the marketing mix would be different for the business in each type of economic competition.

<b>Business</b> <u>Answers will vary.</u>				
Marketing Mix Element	Type of Economic Competition			
	Monopoly	Pure Competition	Oligopoly	Monopolistic Competition
Product				
Price				
Distribution				
Promotion				

## Lesson 3.4 Enhancing Economic Utility

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T   1. Form utility results from changes in the tangible parts of a product or service.
- F   2. A business that schedules its hours to better meet consumer needs is providing place utility.
- T   3. Offering auto leases rather than requiring customers to pay the full purchase price provides possession utility.
- T   4. Convenience stores that are open 24 hours a day usually provide both time and place utility.
- F   5. Possession utility does not occur until the consumer owns the product.
- F   6. A business that mails movie rentals to consumers rather than requiring them to visit its store is primarily improving form.
- T   7. Improving products through analyzing economic utility supports the marketing concept.

**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- D   8. The amount of satisfaction a consumer receives from the consumption of a particular product or service is
  - A. form utility
  - B. possession utility
  - C. time utility
  - D. economic utility
- A   9. Packaging milk into smaller containers to meet the demand of people who live alone is an example of
  - A. form utility
  - B. possession utility
  - C. time utility
  - D. place utility
- B   10. Offering coupons or sale prices for a product provides
  - A. form utility
  - B. possession utility
  - C. time utility
  - D. place utility
- C   11. When economic utility is improved
  - A. prices charged by businesses will increase
  - B. consumers will have fewer choices
  - C. customer satisfaction improves as well
  - D. competition will be greater

Activity 1 • Communicating about Economic Utility

**Directions:** Economic utility is an important concept for marketers because it is used to add value to a product or service to improve customer satisfaction. Businesses communicate the ways in which they are providing economic utility through promotions and other forms of information. Each of the forms of economic utility is identified in the table below. Review information about products and services using magazines, the Internet, and other company information. For each type, select one example of information that describes a product or service feature related to that type of economic utility. Attach a copy of the information (or prepare a summary if a copy is not available). In the space provided develop a brief statement describing how customer satisfaction is improved as a result.

<p><b>EXAMPLE OF FORM UTILITY</b></p> <p>Reasons for improved customer satisfaction:</p> <p><u>Answers will vary.</u></p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p><b>EXAMPLE OF PLACE UTILITY</b></p> <p>Reasons for improved customer satisfaction:</p> <p><u>Answers will vary.</u></p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

<p><b>EXAMPLE OF TIME UTILITY</b></p> <p>Reasons for improved customer satisfaction:</p> <p><u>Answers will vary.</u></p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p><b>EXAMPLE OF POSSESSION UTILITY</b></p> <p>Reasons for improved customer satisfaction:</p> <p><u>Answers will vary.</u></p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>